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TREASURER FONG URGES PENALTIES FOR TEXACO EXECUTIVES

SACRAMENTO -- California State Treasurer Matt Fong Monday urged Texaco's board of directors to withhold or cut annual bonuses given to company executives in response to revelations of racial discrimination.

Fong said the transcripts of an executive meeting and a previous class-action lawsuit filed by African Americans show racial bias within the large oil company. To redress this problem, Fong said, Texaco's board of directors should vote to withhold the bonuses that are traditionally given to senior executives. Last year, Texaco's top five executives received bonuses totaling over \$2.1 million.

"I formally request the board of directors of Texaco to cut or withhold bonuses to the senior officers of Texaco for this year," Fong said. "Accountability should be borne by those who were in position to prevent what happened and are in the best position to prevent this from happening again."

As the state's chief financial officer and board member of two of the nation's largest pension funds (Public Employee Retirement System and the State Teachers' Retirement System), Fong said Californians have a vested interest in Texaco's future. These retirement funds combined have roughly 2 million shares of Texaco stock, worth roughly \$200 million. In fact, the Treasurer said he is prepared to use PERS and STRS influence to force the board of directors to hold senior management accountable.

"If Texaco's board of directors fail to hold senior officers accountable, then I will take this matter to the boards of PERS and STRS and request that they use their influence to seek support from other pension funds across the nation to force the directors to hold senior management accountable," Fong said.

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Fong said those calling for divestitures and boycotts of Texaco, such as Jesse Jackson, are right in denouncing the company's misbehavior, but boycotts and divestitures would be misdirected, failing to impact the executives that are responsible for the climate that fostered racial discrimination and even hurt California's state employee and teacher pension funds.

"As the highest ranking Republican elected official of Asian ancestry in the United States, I have felt the harsh sting of prejudice and discrimination. We will not tolerate this behavior, but we must also stop it at its source," Fong said. "I believe that boycotts and divestitures punish the wrong individuals. Attacking the bonuses of senior management, compensation used to reward extraordinary results, is not only fair game, but it is more focused."